
EXECUTIVE SUMMARY

OBJECTIVE

The objective of this audit was to review the Social Security Administration's (SSA) Fiscal Year (FY) 1996 Annual Report on Continuing Disability Reviews (CDR) and determine whether SSA had met the CDR reporting requirements set forth by Congress.

BACKGROUND

The purpose of the periodic CDR is to determine whether a disabled beneficiary is still medically eligible to receive benefits. Recently, under separate Acts, Congress has mandated that specific CDRs and/or medical reviews be performed in addition to SSA's ongoing periodic CDR workload. In some of these Acts (see Appendix A), additional funding was provided to conduct these reviews. In addition, SSA is required to provide Congress with an annual status report on the number of CDRs performed by the Agency.

Since 1994, a number of Acts have required CDRs and/or redeterminations for specific disability populations. The congressionally mandated reviews include:

- at least 100,000 CDRs annually on Supplemental Security Income (SSI) recipients for the period October 1995 through September 1998;
- redeterminations by January 1, 1997 for recipients for whom drug addiction and/or alcoholism (DAA) is a contributing factor material to the finding of disability;
- redeterminations for children with a disability based on the comparable severity standard and/or maladaptive behavior;
- redeterminations for all SSI recipients attaining age 18;
- CDRs for all low birth weight babies; and
- CDRs at least once every 3 years for all SSI recipients under age 18 if not permanently disabled.

The Acts provided more than \$4 billion in additional funds to SSA for FYs 1996 through 2002 for the purpose of conducting these mandated reviews. One of the Acts also expands the annual reporting requirement to include the amount of money spent on CDRs, the number of reviews conducted, the results of such reviews and the estimated savings.

RESULTS OF REVIEW

- AMOUNT SPENT CONDUCTING CDRs

The FY 1996 Annual Report on CDRs did not disclose the amount spent by SSA

during the year to perform the CDRs. The Contract with America Advancement Act specifically requires this information to be reported by the Commissioner of Social Security.

Provided with a second opportunity to disclose actual CDR costs, SSA did not mention the FY 1996 CDR costs during a September 25, 1997 hearing before Congress.

- CDR RESULTS BY PROGRAM

Although required to present the results of CDRs by program, SSA provided benefit cessation and continuing eligibility information only in aggregate form, lumping disability insurance (DI) and SSI statistics together both in the text and the accompanying table.

SSA provided additional CDR information by program in its September 1997 testimony, noting both the initial cessations and estimated terminations by DI, SSI, and concurrent programs. It is unclear why this information was left out of the FY 1996 Annual Report.

- OTHER USEFUL INFORMATION

Although SSA's FY 1995 Annual Report on CDRs to Congress mentioned DI program savings of \$6 per \$1 spent on CDRs, SSA did not make a similar comparison in its FY 1996 Annual Report. However, our own analysis of the Annual Report shows the program savings could be as much as \$12:\$1 in FY 1996.

The FY 1996 Annual Report on CDRs disclosed the status of the CDRs on low birth weight babies; however, no information was provided on whether any work had begun on the other DI/SSI beneficiaries required by legislation to undergo a CDR or redetermination.

The FY 1996 Annual Report on CDRs did not distinguish the number of mailer CDRs from the number of full medical CDRs performed. This information would be useful in disclosing how SSA is meeting its CDR goals.

Providing information on the remaining CDR back log in the Annual Report on CDRs could also provide Congress with some indication of SSA's progress to date and whether the back log is being adequately reduced over time.

RECOMMENDATIONS

In preparing future Annual Reports on CDRs, we recommend that SSA:

- include specific information related to the annual cost of conducting CDRs;
- provide more specific information on the status of CDR cessations and continued eligibility, including the specific number of periodic DI, SSI, and concurrent CDRs performed, initially ceased, reconsidered, and appealed; and
- consider including other information which would be useful to Congress in the Annual Report on CDRs, such as program cost savings ratios, the status of SSI CDRs, the number of CDR mailers used, and CDR back log information, even though this data is not specifically required.

AGENCY COMMENTS AND OIG RESPONSE

In response to our draft report, SSA agreed with our recommendations and stated that actions are underway for implementation. SSA's written response is included in its entirety as Appendix C. SSA also suggested a few technical changes. We agreed with some of the changes and modified the report in those areas as appropriate.

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INTRODUCTION

OBJECTIVE

The objective of this audit was to review SSA's FY 1996 Annual Report on CDRs and determine whether SSA had met the CDR reporting requirements set forth by Congress.

BACKGROUND

The purpose of the periodic CDR is to determine whether a disabled SSA beneficiary is still medically eligible to receive benefits. Under separate Acts, Congress has mandated that specific CDRs and/or redeterminations be performed in addition to SSA's ongoing periodic CDR workload. In some of these Acts, additional funding has been provided to conduct these reviews. SSA is required to provide Congress with an annual status report on the number of CDRs performed by the Agency.

Although Congress mandated periodic DI CDRs since the early 1980s, CDRs for SSI recipients were not required until the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296).¹ The Act requires SSA to: 1) conduct SSI redeterminations on at least one-third of individuals attaining age 18 each year during FYs 1996 through 1998;² and 2) conduct at least 100,000 CDRs annually on SSI recipients for the period October 1995 through September 1998.

The Contract with America Advancement Act of 1996 (P.L. 104-121) mandated additional reviews, providing that redeterminations be conducted by January 1, 1997 for beneficiaries for whom DAA is a contributing factor material to the finding of disability and who timely appealed their benefit terminations based on DAA. This Act authorizes more than \$4 billion in additional funds to SSA for FYs 1996 through 2002 for the purpose of conducting CDRs and requires the

¹ References to DI relate to the disability program under title II of the Social Security Act, Federal Old-Age, Survivors, and Disability Insurance Benefits. References to SSI relate to benefits paid under title XVI of the Social Security Act, Supplemental Security Income for the Aged, Blind, or Disabled.

² This CDR mandate was repealed by P.L. 104-193 in August 1996 and replaced with an eligibility redetermination requirement for all 18 year-olds.

Commissioner of Social Security to ensure that funds made available for CDRs are used, to the greatest extent practicable, to maximize the combined savings in the DI, SSI, Medicare, and Medicaid programs.

Prior to FY 1996, SSA was reporting its CDR results under Section 221(i)(3) of the Social Security Act. This section required the Commissioner of Social Security to:

"report annually to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the number of reviews of continuing disability carried out . . . , the number of such reviews which result in an initial termination of benefits, the number of requests for reconsideration of such initial termination or for a hearing with respect to such termination . . . , or both, and the number of such initial terminations which are overturned as a result of a reconsideration or hearing."

The Contract with America Advancement Act of 1996 increased the amount of detail to be reported, requiring the Commissioner of Social Security to provide annually³ to Congress a report on CDRs which includes:

- the amount spent on CDRs in the FY covered by the report, and the number of reviews conducted, by category of review;
- the results of the CDRs in terms of cessations of benefits or terminations of continuing eligibility, by program; and
- the estimated savings over the short-, medium-, and long-term to the DI, SSI, Medicare, and Medicaid programs from CDRs which result in cessations of benefits and the estimated present value of such savings.

Another Act, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193),⁴ required additional CDRs and rede terminations related to the SSI workload. Under this legislation, SSA must review: 1) all children with a disability based on the comparable severity standard and/or maladaptive behavior;⁵ 2) all 18 year-olds using adult eligibility criteria; 3) all low birth weight babies; and 4) all children under age 18 at least every 3 years if not permanently disabled. This Act also authorized an additional \$150 million in 1997 and \$100 million in 1998 for the costs of processing CDRs and rede terminations. (See Appendix A for a chart summarizing the above legislation.)

³ The report is to be provided at the conclusion of the year for FYs 1996 through 2002.

⁴ Often referred to as the Welfare Reform law. The provisions of this law were to be initiated by SSA in FY 1997.

⁵ The legislation eliminated the use of individualized functional assessments for children and also eliminated reference to maladaptive behavior in the personal behavior domain in specified listings.

SSA issued its FY 1996 Annual Report on CDRs on September 11, 1997 (see Appendix B for the full report). In this report, SSA stated that the Agency processed 566,000 CDRs, which included 498,400 periodic CDRs plus about 67,600 work issue CDRs.⁶ SSA had \$260 million in appropriated funds available for conducting periodic CDRs in FY 1996.

SCOPE AND METHODOLOGY

Our objective was to review SSA's FY 1996 Annual Report on CDRs to determine whether SSA met the CDR reporting requirements set forth by Congress.

To accomplish our objective, we:

- reviewed the FY 1995 Annual Report on CDRs to determine what SSA had reported to Congress previously;
- reviewed the FY 1996 Annual Report on CDRs, comparing the information provided to the information required by Congress in the Contract with America Advancement Act of 1996;
- reviewed related CDR legislation and attended a congressional hearing where SSA provided testimony on this issue;
- interviewed SSA officials to determine: 1) SSA's interpretation of the legislative reporting mandate; 2) what information was readily available to SSA in preparing the Annual Report; and 3) any reasons for not including certain information in the Annual Report; and
- analyzed other SSA and General Accounting Office (GAO) reports to determine what additional CDR information had been provided elsewhere.

Our review did not include a verification of the figures reported by SSA in its FY 1996 Annual Report on CDRs. A review of the number of CDRs reported as conducted and the associated cost was not included under the objective of this review. These areas will be the subject of future audits. We conducted our audit during September and October 1997 in Baltimore, Maryland, and in Boston, Massachusetts. Our audit was conducted in accordance with generally accepted government auditing standards.

⁶ Periodic CDRs relate to reviews performed from time to time to determine if the individual continues to be disabled. Work issue CDRs relate to reviews initiated when work activity is reported by an individual.

RESULTS OF REVIEW

AMOUNT SPENT CONDUCTING CDRs

The FY 1996 Annual Report on CDRs did not disclose the amount of funds expended by SSA during the year to perform the CDRs. The Contract with America Advancement Act specifically requires the cost of CDRs performed to be reported by the Commissioner of Social Security. The Annual Report only mentioned the \$260 million appropriated by Congress for CDRs in FY 1996. Without an actual expenditure amount, the relationship between SSA's needs and the funding provided by Congress is unclear.

On September 25, 1997, SSA had another opportunity to provide this information during the Agency's testimony before the House Ways and Means Committee, Subcommittee on Social Security. The purpose of the hearing was to discuss the status of SSA's CDR work. Although we do not consider this testimony to be the equivalent of the annual reporting requirement, the information provided by SSA during this hearing provides some indication of the information SSA was capable of including in the Annual Report on CDRs. However, even with this additional opportunity, SSA did not mention the CDR costs for FY 1996 during its testimony. During the same hearing, GAO disclosed that SSA spent \$207 million on CDRs in FY 1996.⁷

Although the \$207 million in FY 1996 CDR costs was presented in draft copies of the Annual Report, SSA officials told us that a last minute error led to the omission of this information from the final report. SSA officials responsible for compiling the report agreed the information should have been in the FY 1996 Annual Report and expect such an omission will not occur in the FY 1997 Annual Report.

CDR RESULTS BY PROGRAM

The Contract with America Advancement Act of 1996 requires the Commissioner of Social Security to provide the results of the CDRs in terms of cessations of benefits or terminations of continuing eligibility, by program. We interpret the use of the term program to require separate reporting of DI and SSI cessations.

⁷ See GAO/T-HHS-97-222, Social Security Disability: SSA Is Making Progress Toward Eliminating Continuing Disability Review Backlogs, September 25, 1997.

However, in its FY 1996 Annual Report on CDRs, SSA provided only aggregate information related to total cessations and continuing eligibility. The Annual Report noted that 162,900 SSI CDRs were performed out of a total of 566,000 CDRs conducted.⁸ The remaining statistics, such as the number of initial cessations, the results of reconsiderations and appeals, and the final terminations, grouped both SSI and DI cases together. While this format for reporting was acceptable prior to FY 1996, the new reporting requirements required greater detail. In fact, the attachment to the FY 1996 Annual Report on CDRs addressing "Work loads Processed" was identical in format to the FY 1995 Annual Report on CDRs attachment, providing only aggregate initial cessations, reconsiderations, and appeals, despite the new reporting requirements for FY 1996. The problem with reporting only aggregate CDR statistics is that it does not allow a determination of whether the cessation rate was higher or lower by type of disability program.

The only program-specific information related to either cessations or continued eligibility in the FY 1996 Annual Report on CDRs related to a small segment of SSI CDRs conducted. Here SSA noted that 5,700 initial determinations were made for low birth weight children, of which 3,200 were cessations. This specific break out is more informative than the other statistics. However, unlike the aggregate information presented elsewhere in the report, no information was provided on whether these cessations were being reconsidered or appealed. Nor were the estimated number of low birth weight final terminations after all appeals provided.

SSA provided additional information in its September 1997 testimony, noting both the initial cessations and estimated final terminations by DI, SSI, and concurrent programs. We asked SSA officials why the cessation and termination statistics were not provided in the FY 1996 Annual Report. SSA officials responsible for preparing the report told us they requested this information from the offices providing information, but only aggregate numbers were provided. We reviewed the memorandum sent out to the various components requesting input and found the memorandum did request program-specific CDR results at the initial level, reconsideration level, and hearing level. In table 1, we provide a detailed break out of the CDR results by program based on our discussions with SSA officials.

Table 1: Periodic CDR Category Break out by Program

Category	DI/Concurrent Program	SSI Program	Total
Total CDRs	341,064	157,381	498,445
Initial Cessations	24,875	17,035	41,910
Percent of Total	7.3%	10.8%	8.4%

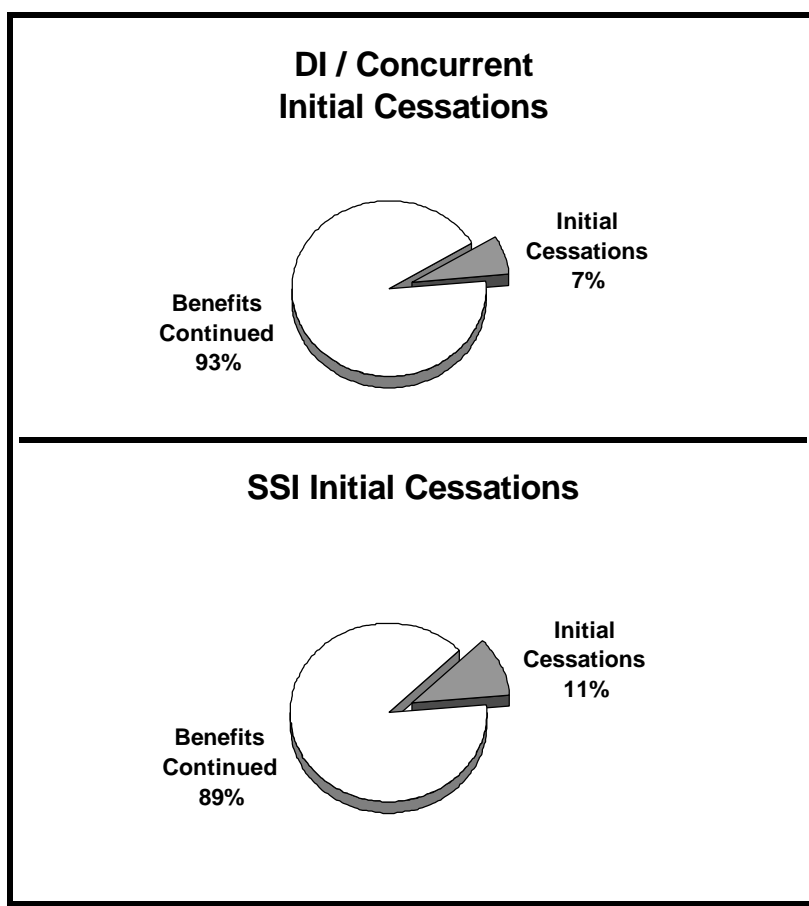
⁸ The 566,000 total CDRs conducted includes approximately 67,600 work CDRs.

Estimated Final Terminations	14,500	12,000	26,500
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Note: Concurrent refers to individuals receiving both DI and SSI benefits.

As a result of our interviews with other Agency officials, we found that program-specific CDR results are regularly collected. As previously noted, some program-specific information was reported to Congress by SSA in its testimony. We also found another example of a program-specific CDR break out in SSA's 1997 Annual Report of the Supplemental Security Income Program.⁹ SSA officials said they hope to provide CDR results by program in the FY 1997 Annual Report on CDRs. The officials also expected to reform at the attachment to the FY 1997 Annual Report addressing "Work loads Processed." The attachment was not updated from the FY 1995 Annual Report on CDRs, the last reporting period before the new program-specific reporting requirement came into effect.

Figure 1: Initial Cessation Rates by Program



If the program-specific cessation and termination statistics been included in the Annual Report on CDRs, Congress would have been provided with a better understanding of the CDR work. Our own analysis of the CDR data shows a difference between the DI and SSI CDR initial cessation rates (see figure 1). Although the expected termination rates for each program may not always be representative of future termination rates, by providing such information to Congress, SSA could assist Congress in identifying those areas where SSA resources are expected to have the

greatest benefit. The Congress has shown an increasing interest in SSA's conducting CDRs, as demonstrated by the \$4 billion in authorized CDR funding

⁹ This May 1997 SSI Annual Report provided a table showing the results of SSI continuing disability medical reviews by FY of initial decision, level of decision, and review category. This separate report was mandated by P.L. 104-193.

between FYs 1996 and 2002. Accordingly, additional CDR data by program could help both SSA and Congress better focus the use of these funds.

OTHER USEFUL INFORMATION FOR CONSIDERATION

Although SSA's FY 1996 Annual Report on CDRs provided useful information to Congress concerning the status of CDRs, additional information readily available to SSA could have been included in the report to increase its usefulness. For example, specific cost savings information by program would have provided Congress with a tool to measure the costs versus benefits of the ongoing CDR work. In addition, in the FY 1996 Annual Report, SSA could have gone further in disclosing how SSA was meeting the SSI CDR work loads mandated by Congress. Other useful disclosures of CDR information could have included: 1) the number of CDRs conducted by mail versus full medical reviews and 2) the number of CDRs remaining in the backlog. This information would have provided Congress with more information on the techniques utilized by SSA in eliminating the CDR backlog, as well as the status of the backlog.

Program Cost Savings

While SSA presented program cost savings in its FY 1995 Annual Report on CDRs, the Agency chose not to highlight these savings in its FY 1996 Annual Report. In its FY 1995 Annual Report on CDRs, SSA stated:

"While we previously realized \$3 in Disability Insurance program savings for each \$1 in administrative costs for our labor-intensive CDR process, the mailer process has resulted in a doubling of this ratio to approximately \$6:\$1."

SSA did not make a similar dollar for dollar comparison in its FY 1996 Annual Report on CDRs, but instead noted "... the mailer process resulted in an even more favorable ratio of savings to costs." Without citing the earlier savings, the reader may not understand SSA's current claim. SSA made a similar claim in its September 1997 testimony before Congress, noting "... program savings were far in excess of administrative costs." An actual ratio would have been more useful to Congress by providing a cost-benefit measurement for the CDR program.

An analysis of the information already provided by SSA in its FY 1996 Annual Report on CDRs shows that: 1) approximately \$2.5 billion in lifetime savings resulted from the CDRs performed, 2) \$260 million was appropriated for these CDRs, and 3) an estimated 26,500 recipients will have their benefits terminated. Using this basic information, without specifying the savings by program, one concludes that every \$1 in CDR administrative costs resulted in almost \$10 in savings. In addition, every disability benefit ceased reduced Government payments to that individual by approximately \$9,400. When one considers that actually

only \$207 million was spent on CDRs in FY 1996 (not the full \$260 million appropriated), the savings for every dollar spent on CDRs is closer to \$12 for every dollar spent.

When we asked SSA officials why similar program savings information was not included in the report, the officials stated that the FY 1996 program cost savings were not considered to be representative of future savings. An SSA actuary noted that the level of savings was expected to be lower in the future. Another SSA official attributed the high level of current cost savings to SSA's attempt to target those categories where cessation is most likely - a group that will diminish in number over time. Nonetheless, the actuary agreed that a quick calculation by a reader of the FY 1996 Annual Report would leave the impression that cost savings were \$10-\$12 per \$1 spent on CDR administrative costs. SSA officials believe such a calculation can be misleading. However, given the fact that the cost savings can already be calculated from existing Annual Report information, we believe it is even more important for SSA to present a cost savings ratio with sufficient caveats so that a reader will not be misled.

SSI CDR and Redetermination Workload

Since 1994, legislation has mandated that additional CDRs and redeterminations be added to SSA's existing workload. In its FY 1996 Annual Report on CDRs, SSA could have reported on the progress of each of these CDR and redetermination workloads. The FY 1996 Annual Report disclosed the status of the CDRs on low birth weight babies; however, no information was provided on whether any work had begun on the other review categories. For example, during FY 1996, SSA planned to conduct approximately 18,000 CDRs on individuals attaining the age of 18. However, no mention of the results of this work is included in the FY 1996 Annual Report. Whether or not SSA made progress in reviewing 18 year-olds and other required categories during FY 1996 would have been useful information to report to Congress.

SSA has separately classified its reviews into two clear categories: 1) CDRs and redeterminations reportable in the Annual Report on CDRs and 2) certain redeterminations under P.L. 104-193 not reportable in the Annual Report on CDRs. SSA does not plan to include eligibility redeterminations for children considered disabled based on the comparable severity standard and/or maladaptive behavior in its Annual Report. This distinction did not affect the FY 1996 Annual Report, but will be relevant in the FY 1997 and FY 1998 Annual Reports. Although these childhood eligibility redeterminations come out of separate funding, this money (\$150 million in FY 1997 and \$100 million in FY 1998) can also be used for other periodic CDRs. Also, the impact of childhood redeterminations on SSA's workload is significant and has been of interest to Congress.

SSA officials told us these one-time childhood eligibility redeterminations are not the same as the ongoing CDRs and, therefore, they are accounted for separately. This separate accounting may be appropriate for budgetary reasons, but separate accounting does not mean the information cannot be noted in the Annual Reports on CDRs. SSA officials used this same argument when omitting from the FY 1996 Annual Report the results of medical determinations conducted on current beneficiaries for whom DAA is a contributing factor material to the finding of their disability.¹⁰ This DAA work consumed resources in FY 1996 that otherwise could have been directed toward other CDRs. SSA's Office of Budget stated that the DAA work was not part of the \$4 billion in periodic CDR funding so it was not appropriate to include this information in the Annual Report on CDRs. However, the Annual Report on CDRs includes the number of work issue CDRs, a group of reviews that are not part of the \$4 billion in periodic CDR funding. Just as the work issue CDRs provided additional background on SSA's workload, information on the DAA reviews in FY 1996 could have served the same purpose.¹¹ In the same way, inclusion of the childhood redetermination results in the FY 1997 and FY 1998 Annual Reports on CDRs may be useful information for Congress.

SSA officials told us that they plan to provide additional SSI CDR breakouts in the FY 1997 Annual Report on CDRs, similar to the low birth weight CDR information included in the FY 1996 Annual Report. However, SSA officials were not receptive to providing additional information related to the childhood eligibility redeterminations based on the comparable severity standard and/or maladaptive behavior.

Mailer Versus Full Medical CDRs

SSA's FY 1996 Annual Report on CDRs noted that 498,400 periodic CDRs were processed through the CDR mailer process and/or a medical review. However, the report does not note the number of CDR mailers versus full medical reviews, even though the Agency claims the CDR mailer has proven to be an "... efficient and cost-effective means for identifying beneficiaries who ... do not require full medical reviews. ...". Based on SSA's original 7-year plan for eliminating the CDR backlog, the number of CDRs conducted through the mailer process was anticipated to be about 50 percent of all CDRs performed (see table 2 and figure 2). Although this plan is being modified to incorporate the new CDR/redetermination workloads mandated by P.L. 104-193, the mailer process is expected to play a large role in limiting the cost of the CDR work while increasing the number of CDRs performed.

¹⁰ Approximately 209,000 beneficiaries were notified during FY 1996 that their benefits were being reconsidered under P.L. 104-121.

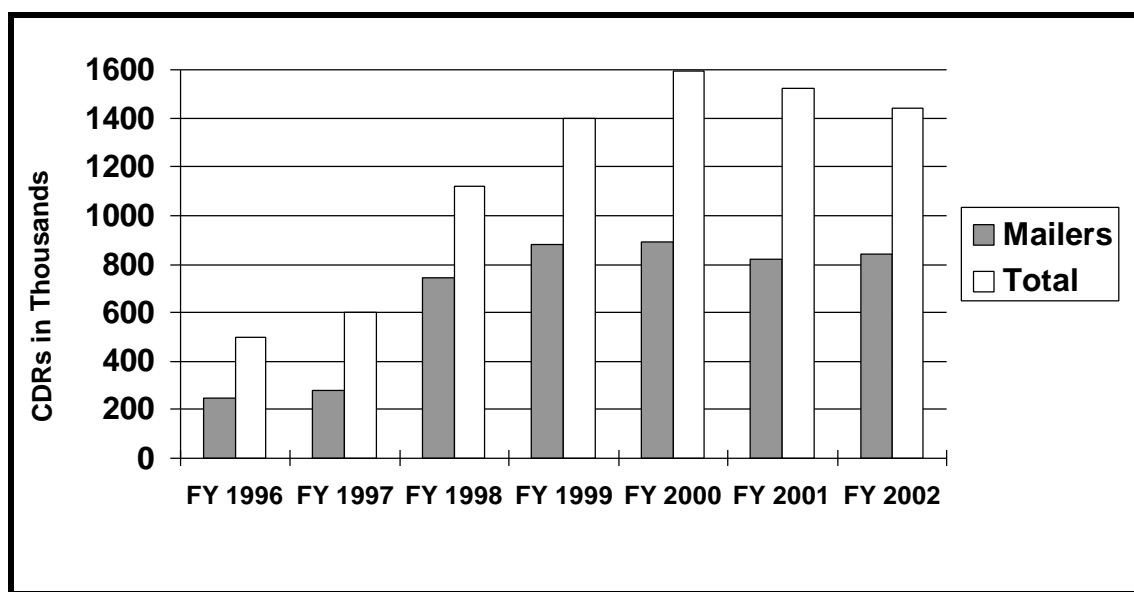
¹¹ DAA reviews were also performed in FY 1997.

Table 2: CDR Method by Program

Category	DI / Concurrent Program	SSI Program	Total
Total CDRs	341,064	157,381	498,445
Full Medical Review	149,326	101,091	250,417
Percent of Total	43.8%	64.2%	50.2%
Mailer (1)	191,738	56,290	248,028
Percent of Total	56.2%	35.8%	49.8%

Note: (1) These mailers led to the deferral of a full medical review. Mailers that led to a full medical review are shown under the "Full Medical Review" totals above. Mailers are targeted at recipients where there is a low likelihood of benefit termination.

Figure 2: CDR Mailers Compared to Total CDRs (FY 1996-2002)



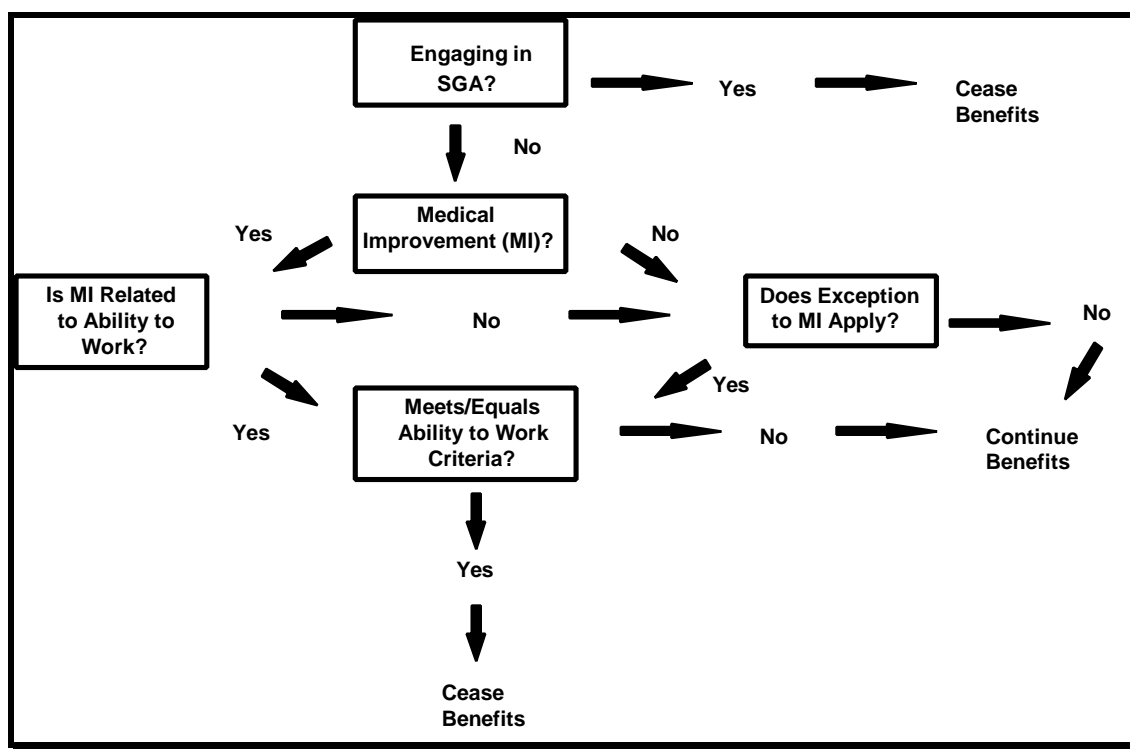
Note: The number of mailers for FY 1997 forward are SSA's estimates based on its original FY 1996-2002 work load plan. This plan is currently being updated by SSA.

In determining SSA's ability to meet its CDR goals, the reader's understanding of how SSA conducts a CDR can be just as relevant as the total number of CDRs performed. For example, knowing the number of full medical reviews can put the initial cessation numbers in perspective. Although we noted earlier (in figure 1) the difference between DI/concurrent and SSI rates of initial cessation (7 percent and 11 percent, respectively), knowing the number of full medical reviews presents a different picture. The initial cessation rate when considering only full medical reviews is 17 percent for both DI/concurrent and SSI. Understanding the

proportion of CDR mailers to total CDRs conducted can also help the reader to better interpret the estimated program savings ratio since the administrative costs associated with a CDR mailer are much lower than for a full medical review.

Additional information related to the specific questions asked on a CDR mailer, as well as the process itself, could also be noted within the Annual Report on CDRs. For example, a listing of the CDR mailer questions or a diagram of the CDR process (see figure 3) would help the reader to understand the nature of the CDR mailers. Given the mailer's importance in eliminating the CDR backlog, a full understanding of the CDR mailer is essential.

Figure 3: CDR Evaluation Process Summary Chart



Note: SGA = Substantial Gainful Activity (earnings over \$500 per month). SGA is defined by a higher level of earnings for individuals disabled by blindness.

Remaining CDR Back log

Since SSA has stated that it plans to eliminate the CDR back log by the Year 2002, a status of the CDR back log and SSA's progress in eliminating this back log would be useful to Congress. Although SSA did not provide any information related to this back log in its FY 1996 Annual Report on CDRs, SSA officials earlier estimated that the back log in FY 1996 included 1.4 million DI beneficiaries and 1.6 million SSI beneficiaries.¹² Presenting an estimated back log figure in the Annual Report would provide the reader with some indication of SSA's progress to date. SSA's continuing plans for addressing this back log could also be discussed in conjunction with this back log data. SSA officials agreed that this information could be useful to Congress, but noted that determining the back log could be problematic since a number of inconsistent definitions of the back log are currently being used.

¹² GAO concluded the number was higher - approximately 2.4 million DI beneficiaries and 1.9 million SSI recipients. GAO numbers included groups not counted in SSA's calculations.

RECOMMENDATIONS

In preparing future Annual Reports on CDRs, we recommend that SSA:

1. include specific information related to the annual cost of conducting the CDRs.
2. provide more specific information on the status of CDR cessations and continued eligibility, including the specific number of periodic DI, SSI, and concurrent CDRs performed, initially ceased, reconsidered and appealed.
3. consider including other information which would be useful to Congress in the Annual Report on CDRs, such as program cost savings ratios, the status of SSI CDRs, the number of CDR mailers used, and CDR back log information, even though this data is not specifically required.

AGENCY COMMENTS AND OIG RESPONSE

In response to our draft report, SSA agreed with our recommendations. In this regard, SSA agreed that specific information related to the cost of conducting CDRs should have been included in the FY 1996 Annual Report on CDRs. Also, in preparing future Annual Reports on CDRs, SSA plans to provide more specific data on the status of CDR cessations and other information useful to Congress. SSA's written response is included in its entirety as Appendix C. In addition to responding to our recommendations, SSA suggested a few technical changes. We agreed with some of these technical changes and modified the report as appropriate.

A P P E N D I C E S

SUMMARY OF RELEVANT LEGISLATION

LEGISLATION	DATE ENACTED	PROVISIONS	PROGRAM INVOLVED
Section 221(i) of the Social Security Act	Act amended on June 9, 1980 by P.L. 96-265; on January 12, 1983 by P.L. 97-455, and on November 10, 1988 by P.L. 100-647	<ol style="list-style-type: none"> 1) Report to Congress annually on the results of periodic continuing disability reviews (CDR) required to be performed on a beneficiary at least once every 3 years, applicable only to the extent that sufficient personnel and processing time are available. 2) Report to Congress annually with respect to determinations that the Commissioner has made, on a State-by-State basis, to waive the requirement that the continuing eligibility of disability beneficiaries with non-permanent disabilities be reviewed at least once every 3 years. 	DI DI
Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296)	August 1994	<ol style="list-style-type: none"> 1) Conduct medical reviews on at least one-third of individuals attaining age 18 each year during FYs 1996 through 1998. Report to Congress by October 1, 1998. (Note A) 2) Conduct at least 100,000 CDRs annually on SSI recipients for the period October 1995 through September 1998. Report to Congress by October 1, 1998. 	SSI SSI
Contract with America Advancement Act of 1996 (P.L. 104-121) (Note B)	March 1996	<ol style="list-style-type: none"> 1) Conduct redeterminations by January 1, 1997 for beneficiaries for whom drug addiction and/or alcoholism is a contributing factor material to the finding of disability and who timely appealed their termination based on DAA. 2) Report to Congress annually for FYs 1996 through 2002 on the amount of money spent on CDRs, the number of reviews conducted by category, the results of such reviews by program and the estimated savings by program over the short-, medium- and long-term. 	DI/SSI DI/SSI

LEGISLATION	DATE ENACTED	PROVISIONS	PROGRAM INVOLVED
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) (Note C)	August 1996	1) Redetermine eligibility for children considered disabled based on the comparable severity standard and/or maladaptive behavior. (Note D) 2) Conduct CDRs once every 3 years for recipients under age 18 with non-permanent disabilities. 3) Conduct CDRs not later than 12 months after birth for low birth weight babies. (Note D) 4) Redetermine eligibility during the individual's 18 th year using the adult initial eligibility criteria. (Note D)	SSI SSI SSI SSI
Balanced Budget Act of 1997 (P.L. 105-33)	August 1997	1) Extends current 12-month period to 18 months for redetermining the disability of children under age 18 under the new comparable severity standard and/or maladaptive behavior standards. 2) Permits SSA to schedule a CDR for low birth weight babies at a date after the first birthday if the Commissioner determines the impairment is not expected to improve within 12 months of the child's birth. 3) Provides SSA with the authority to make redeterminations of disabled childhood recipients who attain age 18, using the adult eligibility criteria, more than 1 year after the date such recipient attains age 18.	SSI SSI SSI

Notes:

- A) Repealed by P.L. 104-193.
- B) The legislation also authorized additional funds to be spent on performing the required periodic CDRs in addition to the normal work load: for Fiscal Year (FY) 1996, \$260 million; for FY 1997, \$360 million; for FY 1998, \$570 million; and for FY 1999 through FY 2002, \$720 million annually.
- C) The legislation authorized \$150 million in FY 1997 and \$100 million in FY 1998 in additional funds to assist with these additional mandates. The mandated CDRs and reviews were to begin in FY 1997.
- D) Provisions modified by the Balanced Budget Act of 1997.

FY 1996 ANNUAL REPORT ON CDRS

SSA's COMMENTS

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SSA ORGANIZATIONAL CHART

[point chart to Deputy Commissioner for Legislation and
Congressional Affairs]